

REMARKS/ARGUMENTS

The remarks/arguments of this amendment incorporate any current changes to claims or specification included in this mailing.

Remarks/Arguments on Amendments to Specification

The specification is amended herein by replacement of just two paragraphs. Amendment is needed partly because of what seems to be some confusion about the subject matter claimed in the invention. After a preliminary allowance of all claims by Primary Examiner, a "second pair of eyes" review was required resulting in additional prior art being searched and entered in the record. Particularly, the "Mala Powers: Hollywood Star Still Shines on Walk of Fame," hereinafter referred to as "Powers," reference was being read into one or more system or method claims for this application dealing with electronic commerce.

The claims in the present invention were directed to methods and systems of payment and in particular the transactions used in conducting sales on the Internet. Although "Powers" was not specifically entered as prior art before the "second pair of eyes" review, Applicant believed there was previously a fairly good understanding with the primary examiner that the prior art of the Powers "type" (i.e. telephone based system access) would not read on any of the claims as suggested by the examiner (Examiner's amendments did not become a part of the IFW).

During interviews with Primary Examiner, there was an agreement that the claimed invention involved Internet "specific URL [information] used to divine the predetermined transaction[s] ... [the] voucher in this case [did] not represent an account or value of money ... [Instead] is used to divine the predetermined transaction that provided access to a particular URL location ... which was the predetermined content or merchandise ... of their choice." Thus for

allowability, the Examiner required claims redrafted from the original in such a way that prepaid cards in the prior art for an "amount" of money on account or "increment" of non-specific merchandise – would not read on the present claimed invention because the "choice" portion in the prior art was not predetermined. Over the phone interview, Examiner proposed amendments at the suggestion of the Applicant, which potentially could overcome any anticipation or obviousness created by the prior art record for prepaid accounts or other nonspecific merchandise. e.g. See IFW 09/630,272, Spec. page 2, line 40; Spec. page 16, line 357-58; Spec. page 5, line 117; page 9, line 192-93; See also Figure 6, a card with "/URL/media.mp3" which depicts specific and itemized downloadable media, not a money value or other incremental value for nonspecific transactions.

At the time of the invention the typical method of listing of items to be purchased on the Internet happened just prior to the Internet purchase. The common term, which eventually came into use for the listing of items to be purchased, was Internet "shopping cart." After the purchase, those same items were listed again on an electronic receipt, also generated as a "shopping cart" purchase receipt. The original specification did not refer to these listings for purchase and receipt as "shopping carts" (as the terminology was fairly new at the time of application and despite the inner workings of Internet shopping carts, whether secure or insecure pages, they still appeared just as other web pages to the end-user). In the application, however, the shopping cart was sufficiently disclosed so that one of ordinary skill would immediately understand what type of webpages the Applicant was referring. The Applicant instead referred to those pages simply as "verification page[s]."¹

¹ *Infra* page 13, Webpedia, JuperiterMedia Corporation, http://www.webopedia.com/TERM/s/shopping_cart.html
See also, IFW 09/630,272, Spec. page 9, line 203-06, "Internet merchandisers may provide a verification page for each sale, which they intend to be printed by the user. These types of verification pages are excellent examples of

It should also be noted that the broad definition for the word *commerce* may include any social intercourse: interchange of ideas, opinions or sentiments, but the modern definition as it applies to "e-commerce" involves the actual exchange or buying and selling of commodities or services.² The claims in the present invention deal specifically with the buying and selling part of commerce. The buying and selling in the present invention takes place on the Internet, or in other words, takes place within the secure exchange processes of e-commerce, not merely the system access processes.

Claim rejections in the current office action frequently recited the Powers reference by applying broad meanings to the words found in the disclosure but may have attributed aspects of the present invention to Powers that were not included in that prior art disclosure. For example, on page 7 of the office action, beginning half way down the second paragraph under the Claim Rejections – 35 USC § 103 section, the rejection reads, "'Mala Powers' discloses means for storing and retrieving a record on or in a physical medium corresponding to a network item of merchandise or media; and means for transaction authorization or other transaction security on, in, or actuated from said physical medium to facilitate transfer of ownership or rights in said merchandise or media to the customer.'"

Examiner in his rejection has taken great liberty in reading at least one or more aspects of the invention into the Powers reference that may not even be there. Applicant will not contest Powers discloses "a means for ... record on or in a physical medium," as the prepaid card is certainly a means to print information on a physical medium. However, "corresponding to a network item of merchandise or media" is more of a stretch. Simply placing a picture of Santa

specific URL information that can be determined ahead of time and sold whether it is for merchandise or content media."

² Merriam Webster New Collegiate Dictionary, 10th Edition, Merriam Webster, Inc., (2002)

Claus on the card is not necessarily "corresponding" to a specific item of merchandise. Credit cards and prepaid phone cards have often put art work or famous places and people on their cards: e.g. the mere fact that a picture of Elvis is on your prepaid phone card does not necessarily mean that your card is "corresponding" to specific Elvis merchandise or media. Furthermore, it does not mean that the "record on or in" which is being referred to in the present invention is the same kind of "corresponding" record or merely artwork.

Further evidence of the type of system access granted to the would-be purchaser of the "Call Santa" card was found in the fact that the system access was by means of an "800" number (similar to a dial-up access number) where the user could "choose" (browse) particular works of authorship. The description on the packaging (see appendix 1) also told the user that they could "choose" any 20 story selections. The ability to make a random selection of 20 stories did not "correspond" to specific merchandise or media. A good illustration of the difference I'm talking about might be better illustrated by comparing the Napster card, that Incomm is currently associated, with prepaid merchandise technology. While Napster is selling a card that is good for \$14.95 "worth" of songs. Prepaid merchandise technology could allow another company to sell a particular song like "Just a Lil Bit by 50 cent," or "Viva Las Vegas, by Elvis Presley" for example. The Napster card did not seem to "correspond" to specific or itemized merchandise or media – nor did the card in Powers.

"[M]eans for transaction authorization or other transaction security" is another aspect of the claimed invention that may not be present in the Powers reference. The Powers reference discloses it "is based on the pre-paid calling card concept." The present invention clearly points out that those types of "pre-paid" methods were "to supply the purchaser of minutes" (a measurement) which transaction was only for "access" to the system and not "transaction

authorization or transaction security" for access to merchandise or media once on the system.

e.g. See IFW 09/630,272, Spec. page 5, line 111.

Finally, another question of what should or should not be read into the Powers reference as prior art is "transfer of ownership or rights ... to the customer." Mala Powers herself is clearly quoted in the article stating "I'm the Santa-appointed writer, researcher and Christmas fact consultant. I produce *stories* for Santa to read." The Powers reference goes on to state, "children ... dial the number to hear wonderful *stories*." Powers in this reference was talking about stories plural: she was not talking about a particular story, a particular group of stories, or even a particular price for a particular set of stories. There was no "containable" reference to a particular purchase of anything other than access via an 800 number dial-up. After all, secure Internet merchandising was not even contemplated by this 1994 voice only telephone TLC (The Long-distance Company).

While the Internet and the telephone systems were both a type of electronic network, the Internet already existed distinctly from the long-distance phone industry in 1994 (the time of this TLC card and Powers reference). But the makers of the Powers Call Santa Card clearly did not contemplate the type of security for encrypted digital file transmissions even though the Internet and such transmissions existed at the time. The Powers reference merely referred to system access where daily prerecorded messages were played and could be selected through a debiting process from the "20 recordings" available on the card. It could not have been a predetermined transaction because the consumer still had to "choose" at a later point in time. It appears that if the user chose to make all 20 calls in one day, the card would be used up. The users had not preselected 20 distinct messages or even selected 20 distinct days as a subscription. The user, having made the purchase of the card, would not make the actual choice or transaction until

debiting the call from the total amount of calls available on the card. The card clearly represented 20 calls of system access; it could not and did not represent 20 specific recordings. Any user of the card would have easily understood that "twenty calls" concept and most likely would not use the card 20 times on the same day (unless of course they had 20 children who wanted to listen to the same story on the same day). The fact remained, however, that TLC, the user, or anyone in possession or in association with the card, knew that it was used for 20 calls to the system (system access). It would not only have been counter intuitive to use the card for transfer of ownership in the specific recordings, but impossible.

For any of the above mentioned aspects and constructs of the claimed invention, it seems a very difficult stretch for the Examiner to read in those constructs he did into the Powers reference, where it is fairly easy for Applicant *not* to read them in. For that purpose, perhaps both Examiner and Applicant should take a look at exactly what the "pre-paid calling card" in the Powers reference was.

Applicant did look into the TLC Call Santa cards and in the process of looking Applicant found an example of the 1994 cards sold by TLC (photocopy of card and packaging, appendix 1). This particular card was ordered from one of the nostalgic phone card dealers on the Internet (It seems there is a web site dedicated to just about anything nowadays).

In researching Powers further, and since it appeared questionable whether or not the Powers article actually disclosed all the things attributed to it by the Examiner, Applicant did the research with these questions in mind: Was the technology actually disclosed in the "Dateline: Hollywood" article or was it just read into the article with the hindsight of having seen the disclosures of the present invention? Was the anonymous author of this "Dateline: Hollywood" article by happenstance an inventor of the technology attributed to the article by the Examiner in

his rejection? Was any of this technology *actually* contained in the TLC, Call Santa TeleStory product? And if so, what aspects of that invention were *actually* intended by the author (even if mistaken as to whether or not the TLC card employed the technology) and how much of the reference could actually be read into the present claimed invention?

Referring to the copies of the card in appendix 1, which is the TLC call Santa Card, on the back of the card is an access number. But the access number was not and cannot now be considered access to specific merchandise because as Applicant will explain further, there was no specific mention of specific merchandise on the card. The purchaser of such a card knew that the card only represented a certain amount of money, minutes, or at best a certain number of stories. When using the card to call Santa, the user should have understood that the purpose of inputting the code was to allow for the phone use and access to the system when the number was dialed. When all the money, or calls, on the card were used up, access would end. This type of access was for browsing or system access only. It was only a specific number of times one could use the card to access the network; it was similar to prepaid dial-up Internet access cards that work for a number of dial-up access connections. It was not access to specific downloadable media material objects. There was no mention of a way to record or save the random Santa messages. To read in a *specific* Santa message is to imagine it only in hindsight of reading the disclosure in the present invention.

It is also important that one understand the difference between "access" to the network and actual "transaction authorization." There is no way that the "Call Santa" phone card today or at the time of invention could possibly infringe on any of the claims in the present invention. Therefore, the only reason to read the Powers reference into the present claims would be a lack of understanding.

In order to help a reader of the specification understand the present invention, to cure that lack of understanding, and to help the reader realize that the present invention is about the actual specific Internet transactions that we now call "shopping carts," Applicant is requesting rewritten paragraphs in the specification that only move certain already disclosed subject matter to a place where specific Internet merchandise transactions will be better understood; applicant is not requesting to add any new subject matter, only to duplicate already disclosed subject matter to come under more than one subheading.

The disclosure of the present invention, in numerous places, disclosed that the invention was about "specific" merchandise or downloadable media. While it may often seem to the inventor who has written an application that his specification and claim language should be clear, that is not always the situation. After all, the Examiner, "second pair of eyes," the public, or the attorney if the applicant would have hired one, are not as keenly aware of the intricacies of the technology as is the inventor. Perhaps the best place in the specification to help the reader get a better grasp on the claimed invention to better understand payment for *specific Internet transactions* and not merely system access, is to explain it right up front in the first paragraph under the "Description" subheading to help the reader realize that it is not merely access to a network. The following words were added to the first paragraph by amendment:

"and the seller provides the *specific* URL information that is the sale location of Internet merchandise or content desired by the customer, but the means for *predetermining* such URL consists of a *predetermined Internet Transaction*. The predetermined transaction can take place whether or not payment consideration is exchanged, i.e. said transaction that may include free samples."

These words were already found within the claims in the original disclosure, but using the words here will allow the reader of the specification a better understanding. While the concept is explained at numerous points in the specification, it needs to be clear to the reader that there is indeed another separate and discrete step involved in conducting a secure transaction for Internet or other networked merchandise or media beyond traditional prepaid credit accounts or mere prepaid system access. See IFW 09/630,272, Spec. page 2, line 34-35, 43-44, page 3, line 57-58, page 6, line 122-25, 129-32.

Just like now, at the time of the present invention, there were places on the Internet where a user could browse freely and openly just like the airwaves used in radio and television transmissions. A work of authorship was converted to signals and placed on those airwaves was considered publication. Likewise on the Internet, when we posted things to our websites, we called it publication.

On the television, we might have recorded our favorite TV show, but somehow we always knew that we didn't really gain any ownership rights to it unless we went to the music or video store to actually purchase the album, tape, CD, or DVD. Most of us really never did understand the why of the rules we followed, but it turned out that the legal right to copy something lied buried in copyright law somewhere deep within the "first sales" doctrine, "fair use," and the concept of media "material objects."³

There were websites, like adult material websites, that were subscription based. i.e. if you wanted access to the pages, you had to pay first. While the number of pages or media materials

³ 17 U.S.C. § 109, 17 U.S.C. § 202, See also Michael J. Madison, Legal-Ware: Contract And Copyright In The Digital Age, 67 Fordham L. Rev. 1025, (1998).

to which a user might have access were virtually endless, there was still one discrete transaction that had to take place before the subscription was obtained.

And now returning to the Powers reference with the understanding above, we have finally landed upon why the type of amendment listed above could be made in the specification to aid the reader in better understanding the claimed invention. (As to an amendment, however, after *Festo*, the amendment, which is of clarification and not limitation, should not limit all opportunity to recapture equivalents. See *Festo v Shoketsu Kinzoku Kogyo Kabushiki Co. Ltd., et. Al.*, 535 U.S. 722, 737 (2002))

If Powers disclosed a *subscription based* access to networked media (that may still be in question), that subscription is only based on an amount of calls to the system. It is still an account or an electronic wallet. The electronic wallet is nothing new in the art. It has existed in one form or another ever since electronic networks have ever existed where payment was needed. There were cards worth a certain amount of dollars for certain minutes of long distance. More recently there have even been attempts at prepaid Internet merchandising (most of those have failed as will be discussed later as affidavits evidence for failure of others), but they have all still been prepaid account cards.

Imagine for a moment what it would be like to walk into a store selling two prepaid methods of downloading the same media, but on one rack using the prior art prepaid devices such as Powers and along side on the other rack those of the present invention; one would clearly be able to see the difference!

First lets look carefully at the prior art. If the media to be downloaded from the network, for example, were movies starring Carry Grant, songs by the artist eminem, or even recordings of stories by Santa Claus. On the rack selling the prior art version, one would see all the prepaid

cards, possibly even with all sorts of artwork on them, but none of those cards on the rack could be for a particular movie, song, or recording. Those cards would be for a dollar amount, minutes, or number of access connections. For example, the cards could be used to sell increments of access. The card could provide an account that the purchaser could use to pay for movies starring Cary Grant, songs by the artist eminem, or even recordings of Santa Claus. They would not contain an itemized (specific) list of items purchased, because that was never contemplated. Before reading the disclosure in the present application, it was considered axiom that networked merchandise always had to exist only in a browse and buy realm. After leaving the store, the purchaser still had to access the system for the selection and debiting process. They had to select and authorize payment through another distinct and separate transaction. If the card they purchased was intended to be used for access to a subscription based website, the purchaser still only had a certain number of dollars, minutes, or incremental choices on the card to later use on the network on obtaining the actual subscription they wanted. Whatever the increment was on the card, money or even number of recordings, the amount was precisely how much they had to spend, however sure or unsure they may have been in their own mind about what they were going to use those dollars for, there was *no* predetermined transaction.

Then we turn to the rack containing the version in the present invention. On the rack selling this version, one would see all the prepaid cards with language and artwork on them, but this language and artwork would be more specific to let the customer know exactly what they were purchasing – specific product(s) or service(s). In the present invention the product will be a Cary Grant movie, a song or album by eminem, or any one or more *specific* recordings of Santa Claus. But when the person purchased the card, they would not only know the type of items they bought, they would know specifically and precisely the items they bought. They may have even

purchased access to a subscription based website service, but in this case, they will have known precisely what subscription it was they purchased; they will not just know the amount of money, minutes, or system access attempts they had to spend on later obtaining the subscription. They picked up the card, put it in their shopping cart, walked to the front of the store, and paid for an itemized purchase, not some dollars worth for which they could later use to purchase. Without reading the present invention disclosure, it was always assumed that there had to be a value increment of some kind on any prepaid card so that something could be debited when the card was used on the browse and buy network. Even the users of the Call Santa card (which may name a type of merchandise) could still not break free of the debit card concept because to do so would be so counter intuitive to the debit system ingrained into the minds of those in the prepaid card business.

The amendments to the specification offered above are only small changes in paragraphs. Those distinctions drawn out by those changes cannot be nearly as detailed as it is explained herein, but should none-the-less aid in alerting the Examiner and second pair of eyes reviewer that the present invention is about specific URL information that is the sale location of specific Internet merchandise or content desired by means of predetermined resources and consisting of a predetermined transaction. A reader of the present application will know that the specific merchandise prepaid card is not merely an amount of money, minutes, or system access used to later choose such a transaction.

Finally, a second paragraph in the specification also required amendment. In the first paragraph on page 7, line 142 of the specification, it indicated that the RPOS (retail point of sale) "is not a method of the transaction." Yet, the claims certainly use method elements of traditional Internet transactions to define the subject matter to be protected. The purpose of paragraph 1 on

page 7 in the original disclosure may have been there to let the reader know that this invention worked in conjunction with existing technologies such as the Internet itself, the U.S. money system, and other secure payment processes. But the words "is not a method" might seem confusing by suggesting that the entire invention could not be a method. The invention most certainly is both an apparatus and a method, so the words "traditional" method in the specification inform the reader of that methods in the present invention are new and improved methods.

Remarks/Arguments on Amendments to Claims

All relevant arguments as to the amendment of the specification above are hereby incorporated by reference to the claim amendment arguments and (vise versa) arguments here may be incorporated above.

Summary of invention:

The invention defined in claims 14-36 (see grouping of claims below) is a device and method for sale of Internet merchandise or downloadable media. This invention should be distinguished from previous prepaid systems, which merely allowed time or minutes access to the system on the Internet or other electronic communication system. "This invention is not a Prepaid Internet Access Card, such as used to supply the purchaser of minutes on an Internet Service Providers (ISP) system" IFW 09/630,272, line 111-12, Spec. Dec. 12, 2003. " This invention relates generally to purchasing systems ..." IFW 09/630,272, line 16, Spec. Dec. 12, 2003. "While the products sold on the Internet are often real and tangible, the market place exists in a virtual realm." IFW 09/630,272, line 17-18, Spec. Dec. 12, 2003. This invention is a "Retail Point of Sale Apparatus (RPOS) For Internet Merchandising." IFW 09/630,272, line 88, Spec. Dec. 12, 2003.

Unlike mere browsing access, "[t]his invention is much like an event ticket to a movie theater or music concert except that the RPOS is specifically used for access (entrance) to Internet merchandising." IFW 09/630,272, line 140-41, Spec. Dec. 12, 2003. Similar to Internet "shopping carts"⁴, this invention is an "'actual point of sale' device ... to replace the 'virtual point

⁴ "A shopping cart is a piece of software that acts as an online store's catalog and ordering process. Typically, a shopping cart is the interface between a company's Web site and its deeper infrastructure, allowing consumers to select merchandise; review what they have selected; make necessary modifications or additions; and purchase the merchandise."

Webpedia, JuperiterMedia Corporation, http://www.webopedia.com/TERM/s/shopping_cart.html

of sale' techniques [such as Internet shopping carts] and [facilitates] ... exchange [of] money over the Internet." IFW 09/630,272, line 169-72, Spec. Dec. 12, 2003. It is more than access to the system, it is used in the place of the "account or value of money" that has always been required in the prior art for Internet "transactions ... and the merchandise, whether physical merchandise or simply entertainment." IFW 09/630,272, line 41-42, Spec. Dec. 12, 2003. Once a user is on the system, the present invention can be used as a replacement to the system's electronic "shopping cart"⁵; it is not an intended construct of the invention to replace portions of the prior art, which merely contained access to the system itself. See IFW 09/630,272, line 111-12, Spec. Dec. 12, 2003. The present invention is about unique itemized purchases "used to divine the predetermined transaction that provided access to a particular URL location." IFW 09/630,272, line 117, Spec. Dec. 12, 2003.

Since the electronic "shopping cart"⁶ may be replaced, " [t]he content becomes the verification of a sale ... [and] content fingerprinting is one of the methods used. Traditional digital signature may also be used." IFW 09/630,272, line 203, 208-9 Spec. Dec. 12, 2003. "Content fingerprinting differs from digital signature or digital watermark in that the fingerprinting is not on the file itself but on the content of the file." IFW 09/630,272, line 214-216 Spec. Dec. 12, 2003.

The present invention also takes advantage of the fact that a binary coded signal can come in any form, not just those typically used in the prior art such as a barcode. "[C]odes [may be] placed into documents so that a specific record of the content travels with the document. It is much different from [traditional] digital signature for example where the file itself is tagged and

⁵ Ibid, See also IFW 09/630,272, line 203-205, Spec. Dec. 12, 2003, "Internet merchandisers may provide a verification page for each sale, which they intend to be printed by the user. These types of verification pages are excellent examples of specific URL information"

⁶ Ibid

encrypted and can't be read unless the proper keys are used to decrypt the message. For fingerprint marking of the document, the mark stays with the document even after it is properly received and possibly changed" and thus becomes a self-authenticating document. IFW 09/630,272, line 229-33 Spec. Dec. 12, 2003

Those hidden characters or signals can be encrypted and used to self-authenticate documents. Content fingerprinting can be used in similar ways as other PKI encryption systems. "Content fingerprinting is not just for watermarking content, it is capable of providing a level of security for transfer of ownership for prepaid media content over a public computer network (Internet). For example, Public Key Infrastructure (PKI) for secure and anonymous means of handling web transactions can be enhanced by variations of hidden content digital signature fingerprinting using visible or audible codes on a first mark on the content that is a first key of a first public/private key pair to indicate that said merchandise is authentic and a second label that is noticeable only by a machine as a second private key of a private/public key pair used to authenticate the delivery of merchandise" IFW 09/630,272, line 316-322, Spec. Dec. 12, 2003.

The specification also contains several examples which "suggest[s] just some basic methods of fingerprinting Internet content: Font Fingerprinting, hidden pixelization, concealed ASCII and non-visible/inaudible codification." IFW 09/630,272, line 224-25, Spec. Dec. 12, 2003. While the details of these techniques are given in the specification simply to show that the inventor was in possession of the technology, which was a subject of the invention, a thorough understanding of the specific techniques is not required just to understand the invention.

In order to appreciate the fingerprinting aspect of the invention, one only needs to know that in any encryption system (which ensures confidentiality, addresses security issues, ensures data integrity, hides data, regulates use or access control, assures identity, or allows for non-

repudiation which is the divination of the originator of the information) all encryption algorithms or ciphers require the use of some characters or keys, which are used to unlock or authenticate the message. If a record of the characters or keys used in the encryption are immortalized within the document itself, the document becomes self-authenticating in that non-repudiation will no longer require any other evidence of the transmission to show that the document had in fact been transmitted. "The answer to the problem is a mechanism or way to 'mark' individual copies of recorded material for [transmission] ... so the publishers can feel confident that appropriate royalties are being paid. The 'mark' should be something not easily detected or removed." IFW 09/630,272, line 220-23, Spec. Dec. 12, 2003.

It is a subject of the invention to enable "Retail Point of Sale Apparatus (RPOS) For Internet Merchandising" or self-authenticating "non-repudiating" documents, used in Internet commerce as a new "secure and anonymous means of handling web transactions." IFW 09/630,272, line 88, 54-54, Spec. Dec. 12, 2003.

"Although the user of the RPOS may be known, it can also be used completely anonymously." IFW 09/630,272, line 138, Spec. Dec. 12, 2003. The present invention becomes a new method of "simple anonymity for Internet content delivery ... face-to-face verification system for divining of anticipated Internet transaction, and Internet adult verification card." IFW 09/630,272, line 161-66, Spec. Dec. 12, 2003. In this embodiment, the invention is used as an anonymous "age verification system (Adult Check). The process begins with dealers of adult materials on the Internet ... Customers purchase ... over the counter provided they can prove they are of legal age to do so. The customer ... obtains access to those specific materials the seller ... intended." IFW 09/630,272, line 367-73, Spec. Dec. 12, 2003.

Grouping of Claims:

- 1) Except for objections as to form, for rejections of claims 14-19, Applicant will contest claim 14 as representative of the group as a whole that claims 14-19 stand or fall together as a group with claim 14.
- 2) Except for objections as to form, for rejection of claims 20 and 21, Applicant will contest claim 20 as representative of the group as a whole that claim 21 will stand or fall together with claim 20.
- 3) Except for objections as to form, for rejection of claims 22 and 23, Applicant will contest claim 22 as representative of the group as a whole that claim 23 will stand or fall together with claim 22.
- 4) Except for objections as to form, for rejection of claims 24-27, Applicant will contest claim 24 as representative of the group as a whole that claims 24-27 will stand or fall together as a group with claim 24.
- 5) For claims newly submitted with this amendment, claims 28-36, claim 28 and 36 will be added to the group 24-27 and will stand or fall together with claim 24. Claims 29-34 will be presented as a group and will stand or fall together as a group with claim 29. Claim 35 is dependent on claim 14 and will be added to the group 14-19 and will stand or fall together with claim 14.

If and when the application is ready for allowance, the examiner, if necessary, will renumber the claims consecutively in the order in which they appear and take into account claim dependency and grouping and such renumbering as is requested here by applicant. *Manual of Patent Examining Procedure* (MPEP) at § 608.01(j)

Each claim issue argued below shall be treated under separate headings, but arguments can and should be considered both separately and together where appropriate for each representative group of claims. Arguments are responsive to the non-final rejection mailed on 3-31-2005.

Claim Objections

In the listing of claims included in this amendment, all instances of a semicolon in claims 14-27 following the word comprising were replaced with a colon by indicating either strikethrough, if text near the semicolon was also deleted, or bracket if there was a deletion of 5 or fewer characters. The addition of a colon in claims 14-19 was indicated in the listing of claims by means of underlining.

It appeared claim 15 was objected to because of improper antecedent bases from claim 14, where claim 15 had recited "A retail point of sale establishment in claim 14." With present claim listing contained in this amendment, claim 14 language was also changed. Therefore, it is believed the new proper antecedent language for claim 15 should be, "The payment system of claim 14, wherein the retail point of sale establishment further comprises:"

It appeared claim 16 was also objected to because of improper antecedent bases from claim 14, where claim 16 had recited "A customer access point at said retail point of sale establishment in claim 14..." With present claim listing contained in this amendment, claim 14 language was also changed. Therefore, it is believed the new proper antecedent language for claim 16 should be, "The payment system of claim 14, wherein said customer access point at said retail point of sale establishment, further comprises:"

It appeared claim 17 was also objected to because of improper antecedent bases from claim 14, where claim 17 had recited "Means for storing and retrieving a record in claim 14."

With present claim listing contained in this amendment, claim 14 language was also changed.

Therefore, it is believed the new proper antecedent language for claim 17 should be, "The payment system of claim 14, wherein said means for storing and retrieving a record further comprises:"

It appeared claim 18 was also objected to because of improper antecedent bases from claim 14, where claim 18 had recited "Means for Internet transaction authorization or other Internet security in claim 14." With present claim listing contained in this amendment, claim 14 language was also changed. Therefore, it is believed the new proper antecedent language for claim 18 should be, "The payment system of claim 14, wherein said means for Internet transaction authorization further comprises means to embed a public/private key pair corresponding to said Internet transaction authorization on or in said itemized Internet merchandise or itemized downloadable media material objects comprising:"

It appeared claim 19 was also objected to because of improper antecedent bases from claim 14, where claim 19 had recited "Means for transfer of ownership or rights in said Internet [security] merchandise or media to said customer in claim 14." With present claim listing contained in this amendment, claim 14 language was also changed. Therefore, it is believed the new proper antecedent language for claim 19 should be, "The payment system of claim 14, wherein said Internet transaction authorization on, in, or actuated from said physical medium wherein ownership rights in said itemized Internet merchandise or itemized downloadable media material objects is transferred, further comprises:" Claim 19 also had a grammar problem with an improper zeugma (a figure of speech in which an adjective or verb is used with two nouns but is appropriate to only one of them or has a different sense with each). It appeared that claim 19 recited both "user access terminal means" and "retrieval ... without transmission of or use of

cookies ..." Since "retrieval" is an action verb and is properly part of a step – and not a system claim, the words "means for" in front of "retrieval" can be used to indicate that there is an additional system component of its own within the access terminal means as part of a proper *In Re Donaldson* type means-plus function type system claim. See *In re Donaldson Co.*, 16 F.3d 1189, 29 USPQ2d 1845 (Fed. Cir. 1994). And that the "broadest reasonable interpretation" that an examiner may give means-plus-function language is that statutorily mandated. Accordingly, the PTO may not disregard the structure disclosed in the specification corresponding to such language when rendering a patentability determination. *Id.*

Claim 25 was additionally objected to because the examiner viewed the word "permitting" not as an action word or step, but rather a state of affairs. It is probably arguable that some action must be taken in giving of one's permission (for example, an overt invitation to enter private property with some indication required). However, the examiner indicated that he would accept removal of the word "permitting" to clear up the "description of a state" problem in a method claim. Therefore, the applicant submitted appropriate correction.

Claim 26 was also objected to because of improper antecedent bases from claim 24, where claim 26 had recited "Method of storing or retrieving a record on or in a physical medium corresponding to said Internet transaction location or to said merchandise or media in claim 24." With present claim listing contained in this amendment, claim 24 language was also changed. Therefore, it is believed the new proper antecedent language for claim 26 should be, " The method of virtual Internet based merchandise or media prepaid exchange in claim 24 wherein, associating said payment to a customer purchase of said line itemized Internet merchandise or line itemized downloadable media material objects further comprises:"

Claim 27 was also objected to because of improper antecedent bases from claim 24, where claim 27 had recited "A method of accepting payment ... in claim 24." With present claim listing contained in this amendment, claim 24 language was also changed. Therefore, it is believed the new proper antecedent language for claim 27 should be, "The method of virtual Internet based merchandise or media prepaid exchange in claim 24, wherein said accepting payment of said price through an in person transaction further comprises:"

Claim Rejections – 35 USC § 101

In claim 16 a "cashier" was recited as claimed element, which is presumably a human being and not patentable subject matter. Therefore, "cashier" was changed to "cashier's station" which is not a human being and should overcome this §101 rejection.

Additionally, examiner rejected claims 24-27 as non-statutory subject matter, citing a "not within the technological arts" rationale based on two Federal Court cases, *In re Musgrave*, 431 f.2d 882, 167 USPQ 280 (CCPA 1970) and *AT&T v. Excel Communications Inc.* 172 F.3d 1352 (Fed. Cir. 1999).

The present office action recites "not within the technological arts" as the basis of rejection for this business methods patent. But for business methods application, that rejection may now be only an outdated notion standing upon dicta of several previous Federal Court decisions prior to the *State Street Bank* decision of 1998. If we go back and reread *In re Musgrave* and *AT&T v. Excel Communications, Inc.* we find that those cases indeed may not actually support a "not within the technological arts" rejection for a *business method* patent of a novel method for conducting a sale of Internet merchandise or media. Claims 24-27 are about more than manipulation of an abstract idea and the steps provided in claims 24-27 are the

reduction to practice of a real and practical application. Thus, under the current doctrine of the "business method patent," the examiner must consider either that the claims are within the technological arts or even if by some stretch of the definition for technological arts, whether the claimed invention none-the-less provides the real-world steps of a practical application.⁷

A novel method for conducting sales of Internet merchandise or media is more than manipulation of an abstract idea. The steps provided in claims 24-27 are the reduction to practice of a real and practical application.

In *In re Musgrave*, 431 F.2d 882, 167 USPQ 280 (CCPA 1970) the CCPA enunciated a new standard for evaluating whether processes were statutory subject matter, holding that any sequence of operational steps was a patentable process under Section 101 so long as the process was within the "technological arts." *Id.* But the technological arts standard for the CCPA was refined in *In re Benson*, 441 F.2d 682, 169 USPQ 548 (CCPA 1971) where the CCPA held that no matter what their use, computers were within the technological arts standard and thus were statutory subject matter. But the Supreme Court reversed *In re Benson*, and favored the preemption theory for determining whether or not a process claim was statutory subject matter in *Gottschalk v. Benson*, 409 U.S. at 71-72, 175 USPQ at 676 (1972). The Court considered the long-standing rule that an "idea itself is not patentable," *Id.* at 675 (quoting *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. at 507 (1874)) but after quoting the rule simply stated that the "process was so abstract and sweeping as to cover both known and unknown uses." *Id.* at 675. Thus, the holding in *Gottschalk* was still strained in its interpretation, resembling the same caveat as in *Rubber Tip Pencil*: if an idea is used in connection with some physical process, machine, or manufacture then it is patentable subject matter. Thus, the language in *Benson* cannot be

⁷ *Supra*, 29- 33. This "current doctrine" of business method patents is not contained in any one case or reference, but is explored in detail on the following pages.

interpreted as saying that *all* ideas are not patentable: ideas are patentable as long as embodied in specific articles, machinery, materials, or processes which are practical.

The "not within technological arts" doctrine appeared to have been resurrected in *In re Jonston*, 502 F.2d 765, 183 USPQ 172 (CCPA 1974), where the CCPA stated, "with regard to the rejection under section 101, we cannot agree with the board that the apparatus of the appealed claims is not within the 'technological arts.' Record keeping machine systems are clearly within the 'technological arts'" Id, 183 USPQ at 176. However, the "technological arts doctrine" has not had much of a showing since *Jonston* other than for rejections of purely mathematical algorithms – and really not with much success at that. See *In re Schrader*, 22 F.3d 290, 30 USPQ 2d 1455, 1461 (Fed. Cir. 1994) (Newman, J., dissenting)

The "practical result" doctrine (i.e. can be practiced in a real world sense) therefore still remains alive today and is the preferred rationale by the courts. We have the landmark decisions in *State Street Bank v. Signature Financial Group*, 149 F.3d. 1368 (Fed. Cir. 1998) and *AT&T v. Excel Communications Inc.* 172 F.3d 1352 (Fed. Cir. 1999), which would both stand for the proposition that a physical transformation is but one indicator that statutory subject matter is present. Therefore, if any practical transformation exists in the claim as whole (even if a merely taking abstract ideas and manipulating them) if that transformation produces any useful and tangible result, that manipulation of the abstract idea is patentable subject matter. See also *In re Warmerdam*, 33 F.3d 1354 (Fed Cir. 1994).

Perhaps, Judge Giles. S. Rich, who wrote the *State Street Bank* decision sums up "practical results" doctrine best,

After Diehr and Chakrabarty, the Freeman-Walter-Abele test has little, if any, applicability to determining the presence of statutory subject matter. As we pointed out in *Alappat*, 33 F.3d 1543 application of the test could be misleading, because a process, machine, manufacture, or composition of matter employing a law of nature, natural phenomenon, or abstract idea is patentable subject matter even though a law of nature, natural phenomenon, or abstract idea would not, by itself be entitled to such protection.⁸

Like so many of the hotly contested statutory subject matter cases, the outcome usually turns on how the applicant or court has chosen to construe the claim. Claim 24 of the present invention offers "practical results" in the art of Internet transactions and presents them as a claim to a new and useful method of the prepaid sale with several new process steps transforming the "browse and buy" standard of the Internet and turning it completely upside down. To take any article or service from the Internet – being able to transform that article or service (such as "transferring ownership rights" in Internet merchandise or media using manual, computer, or cash register processes which were previously completely outside the realm of the Internet) from a vendor wishing to sell and to a buyer wishing to purchase, is a practical application.

Applicant submits that even the claim language as presented prior to this amendment still set out the steps for a "sale" of "merchandise or media," which was much more than simply a manipulation of ideas. See, IFW 09/630,272, page 6-7, Sup. Amend.. Feb. 13, 2004. The steps laid out included, "creating URL information ...customer access ... payment ... in-person

⁸ *State Street Bank v. Signature Financial Group*, 149 F.3d 1368, 1371 (Fed Cir. 1998), referring to *Diamond v. Diehr*, 450 U.S. 175 (1981), *In re Chakrabarty*, 571 F.2d 44 (CCPA 1978), and *In re Alappat* F.3d 1526, 1543 (Fed Cir. 1994)

transaction ... transferring physical medium ... and ... transferring ownership." These steps all contained real world effects and physical transformations.

Perhaps, it truly was a claim construction problem that made it difficult for the "second pair of eyes" or examiner to understand the real world results of the steps. Granted, the real world effects of the claimed method related to the beginning and ending states of the seller and customer, but without being able to claim a human being (as stated above), claim language that draws out those states is a bit more cumbersome than just claiming the person as one of the claim elements. For that purpose in this amendment, the Applicant has added descriptive terms to aid in the understanding of the real world effects of the steps – not as a limiting amendment – but as a more descriptive amendment that brings out those beginning and end states, not of the customer and seller, but of the contractual states relating to both the usage contract and the realization contract: claiming them both specifically.⁹

One may still argue that there would be something obnoxious about patenting basic methods of business transactions such as "buy low and sell high." Or you might complain as U.S. Congress did in HR 5364, a bill captioned, the "Business Method Patent Improvement Act of 2000," that patent owners have "merely adapted a well known business activity to the Internet in straight forward manner." *Floor Statement of Representative Berman before the United States House of Representatives*, reported at <http://www.house.gov/berman/floor100300.htm>. But those arguments are as to 35 U.S.C. §103 obvious type rejections for business method patents and would have no meaning in this discussion of statutory subject matter in a 35 U.S.C. §101 type rejection. (The bill never passed)

⁹ See, Cheesman, John, & Daniels, John, UML Componants: A Simple Process for Specifying Componant-Based Software (Addison-Wesley 2001)

As will be argued below, the §103 obvious type rejection does not turn on the simplicity or the straight forward manner in which the novel solutions are used in the invention (as argued by Representative Berman) but rather will turn on the level of skill in the art and whether the solution would have been obvious at the time of the invention. But as for the §101 type statutory subject matter type rejection, it will turn on the applicant's, examiner's, board's, or court's interpretation of the claim construction. Applicant therefore submits that the claims be construed in such a way that the URL information, customer access, payment, in-person transaction, transferring physical medium, and transferring of ownership rights will be seen for the real-world applications they embody. If the examiner or even "second pair of eyes" cannot see those real world applications, perhaps it is merely a lacking in the interpretation and construction of claim language itself or the intricacies of the lexicon originally chosen by the applicant.

Therefore, considering this paper and details being brought out in the amendments, the amendments to the specification, amendments to the claims 16, 24-27, and with the addition of new claims, the examiner and "second pair of eyes" reviewer should give those claim terms their broadest meaning because whenever a process, machine, manufacture, or composition of matter employs a novel idea, no matter how abstract, it will result in patentable subject matter.

Claim Rejections- 35 USC §112

Claim 18 was rejected under 35 U.S.C. §112, second paragraph, as being "incomplete for omitting essential structural cooperative relationships of elements, such omission amounting to a gap between the necessary structural elements ... does not recite or describe the structural cooperative relationships of the recited elements to each other or the system of claim 14."

It was discussed above that Claim 18 had also been rejected because of problems with antecedent language relating to claim 14. Correction of the antecedent language in itself is not a cure to a §112 second paragraph deficiency, but will set the framework of arguments for why the claims in this current amendment: (1) Set forth the subject matter that the applicant regards as the invention, and (2) Particularly point out and distinctly define the metes and bounds of the subject matter that will be protected by the patent grant.

The first requirement of §112 above is subjective, because it depends on what the applicant regards as his invention. The subjective portion of §112 is almost an impossible basis for the examiner to reject, because it is only in the mind of the Inventor. The second requirement is an objective one, however, because it is not dependant on the view of the applicant. The second requirement should be evaluated in the context of whether the claim is definite. In other words, evaluated on whether the scope of the claim is precise, clear, correct, and unambiguous to a hypothetical reader of the application possessing an ordinary level of skill in the pertinent art.

The Board of Patent appeals and Interferences has stated, "it is incumbent on the examiner to establish that one of ordinary skill in the pertinent art, when reading the claims in light of the supporting specification, would not have been able to ascertain with a reasonable degree of precision and particularity the particular area set out and circumscribed as the claims." *Ex parte Wu*, 10 USPQ 2d 2031, 2033 (BPAI 1989)(citing *In re Moor*, 439 F2d 1232, 169 USPQ 236 (CCPA 1971); *In re Hammack*, 427 F2d 1378, 166 USPQ 204 (CCPA 1970)). Thus, the Examiner has the burden of proof that a rejection of the claim terminology is proper and why the Examiner believes the terminology is indefinite or not readily understood by those of ordinary skill in the art. In order to meet that burden, Applicant proposes the following *prima facie* case of indefiniteness needs to be established by Examiner for a §112 second paragraph rejection:

1. interpretation of the claim in light of the specification;
2. interpretation of the claim as one of ordinary skill in the art would interpret it;
3. that the limitations (or elements) in the claim, or the subject matter not in claim, does not reasonably define the invention. See *In re Wiggins*, 488 F2d 538, 179 USPQ, 421-24 (CCPA 1973); *Manual of Patent Examining Procedure* §2173.02 (8th Edition, latest Edition May 2004); *In re Zletz*, 893 F.2d 319, 13 USPQ 2d 1320, 1322 (Fed. Cir. 1989)

In other words, the examiner must clearly define the problem and why it is a problem with an issue of claim indefiniteness in order to provide the applicant or any reviewing authority with the information necessary to evaluate the examiner's position fairly.

In the present non-final rejection, Examiner stated, "Claim 18 recites a key pair and identifying marks, but does not recite or describe the structural cooperative relationships of the recited elements to each other or the system of claim 14." (IFW 09/630,272, 2nd Off. Act., 03/31/2005 page 6, 2nd par.) In citing a failure of Applicant to "describe the structural cooperative" Examiner has penalized Applicant merely for an attempt to define something by what it *does*, rather than by what it *is*. There is nothing inherently wrong with defining something by only functional terms. Consider *In Re Donaldson* type means-plus function type system claim. See *In re Donaldson Co.*, 16 F.3d 1189, 29 USPQ2d 1845 (Fed. Cir. 1994). See also *In re Swinehart*, 439 F.2d 210, 169 USPQ 226, 229 (CCPA 1971). However, functional language may render a claim indefinite if the language used does not provide a clear indication of the scope of the subject matter embraced by the claim See *In re Hammack*, 427 F2d 1378, 166 USPQ 204 (CCPA 1970).

Applicant contends that there are in reality only two basic grounds for rejection of a claim under section 112: (1) that the language used is not precise and definite enough to provide a clear indication of the scope of the subject matter set out by the claim, or (2) that the language is so broad that it causes the claim to have a potential scope of protection beyond that justified by the specification. In this case the examiner only explains, "omitting of essential structural elements" to define the problem. Lack of structural elements is not a problem with an issue of claim indefiniteness. In order to provide the applicant or any reviewing authority with the information necessary to evaluate the examiner's position fairly, a true *prima facie* case for indefiniteness which was not set out in this office action, would at some point have to be made by the Examiner for the rejection to be valid.

On the other hand, even though there is probably a lacking in the examiner's stating the *prima facie* case as to claim 18, Applicant admits that the claim language in claim 18 could have been difficult to understand and the examiner perhaps could have better articulated reasons why the claim language was difficult to understand, even though he didn't. As stated above, it may often seem to the inventor who has written an application that his specification and claim language should be clear; that is not always the situation. After all, the Examiner, "second pair of eyes," the public, or the attorney if the applicant would have hired one, are not as keenly aware of the intricacies of the technology as is the inventor.¹⁰

Therefore, Amendments have been made to claim 18 in an attempt not to actually limit the claim any further, but to better set forth terms as supported in the specification to clearly provide the scope of the subject matter sought to be protected. Better antecedent language in relation to claim 14 was added, better descriptive terms as supported in the specification were

¹⁰ *Infra* pg. 16

added to aid in understanding, and means plus function, "means for embedding" terminology was added so that on examining or reviewing, one would have a clear idea where the functionality limitations fit into the scope of the claim.

Claims 20 and 21 received a similar rejection from the examiner on the same, "omitting essential structural cooperative relationships" basis for rejection and that the claim language merely, "amount[ed] to a laundry list of features whose use together to perform Internet authorizations or other Internet security functions is unclear." This time the examiner did a better job of at least stating *what* it was about the claim that was unclear, but was still unable to articulate a *why* the claim language was unclear.

For reasons similar to those argued above about the claim 18 rejection on §112 grounds, Applicant contends a *prima facie* case for rejection of claims 20-21 was also *not* made by examiner. However, like arguments about claim 18 above, further Amendments have been made to claims 20-21 not to actually limit the claim any further, but to better set forth terms as supported in the specification to clearly provide the scope of the subject matter for which patent protection is sought. Better antecedent language in relation to claim 20 was added to claim 21, better descriptive terms as supported in the specification were added to aid understanding, and means plus function, "means for embedding" terminology was added so that an examiner or reviewer would have a clear idea where the functionality limitations fit into the scope of the claim.

Based on these arguments/remarks and present amendments, Applicant submits that claims 18 and 20-21 should no longer be rejected on 35 U.S.C. §112 grounds.

Claim Rejections – 35 USC § 103

Claims 14-17, 19, 22-27 have been finally rejected as being unpatentable over Powers in view of official notice. Presumably similar arguments could have been explored as to new claims included in this amendment, claims 28-36. Arguments/Remarks as to Examiner's 35 USC §103 rejections will focus on two major issues:

- a) Has Primary Examiner presented *prima facie* evidence for a case of obviousness that there are one or more references that were available to Applicant at the time of the invention that teach features with a suggestion to combine or modify the references which would appear to be sufficient to have made the claimed invention obvious to one of ordinary skill in the art?
- b) Alternatively, Applicant contends there is at least one claim rejected in the application for which evidence by way of affidavit may be submitted to traverse the rejection on a basis not otherwise provided for. See 37 C.F.R. 1.132; See also factors as articulated in the case of *Graham v. John Deere Co.* 381 U.S. 1, 148 USPQ 459 (1966).

a) Prima Facie Obviousness

For all claims contested, Applicant will argue that the Examiner has not demonstrated all elements of the *prima facie* case of obviousness, and therefore the Examiner's opinion of obviousness is deficient and Applicant is deserving of a patent. The Federal Circuit has endorsed this view in *In re Oetiker*, 977 F.2d 1442, 24 USPQ 2d 1443 (Fed. Cir., 1992), by stating, "If the examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent." *Id.*, 24 USPQ 2d at 1444.

While the rules or elements of a *prima facie* case of obviousness have not been expressed in any formal manner, the *prima facie* elements may be established on the basis of previous Federal Circuit and U.S. Court of Customs and Patent Appeals. In *In re Lintner*, 458 F.2d 1013,

173 USPQ 560, 563 (C.C.P.A. 1972), the Court stated, “In determining the propriety of the ... case for obviousness ... it is necessary to ascertain whether or not the reference teachings would appear to be sufficient for one of ordinary skill in the relevant art having the references before him to make the proposed substitution, combination or other modification.” See also *In re Fielder*, 471 F.2d 640, 176 USPQ 300, 302 (C.C.P.A. 1973). The CCPA has subsequently added that the case for obviousness requires that the reference teachings “appear to have suggested the claimed subject matter.” (emphasis added) *In re Rinehart*, 531 F.2d 1048, 189 USPQ 143, 147 (C.C.P.A. 1976). The Examiner therefore must explain why the prior art would “appear” to show the claimed subject matter not just that the references presented certain aspects of the invention disclosure. *Id.*

Also, it seems a rule established by the Courts that it is not enough for the Examiner to merely present a combination of references that contain some or all of the features of the invention, but the Examiner must also show why it would “appear” that the references would have been combined. See *In re Fritch*, 972 F.2d 1260, 23 USPQ 2d 1780, 1783 (Fed. Cir. 1992). The Examiner should show some “objective teaching in the prior art” that one of ordinary skill in the art would be lead to combine the relevant teachings. *In re Dillon*, 919 F2d 688, 16 USPQ 2d 1897, 1900 (Fed Cir. 1990).

The Federal Circuit has further expounded on the rules for obvious determinations that the “criterion for determination of obviousness is whether the prior art would have suggested to one of ordinary skill in the art that this process should be carried out and would have a reasonable likelihood of success.” *Rockwell Int'l Corp. v. United States*, 147 F.3d 1358, 47 USPQ 2d 1027, 1033 (Fed. Cir. 1998).

Finally as to the *prima facie* case of obviousness, the Examiner must provide sufficient reasoning supporting the obviousness rejection. In other words, the Examiner must provide a basis to support the rejection: he cannot simply list references pointing out some of the features disclosed in the references and follow with a statement, “Therefore it would have been obvious to one having ordinary skill in the art.” An examiner must consider the claim as a whole: it is not a question whether any or all of the elements of the claim would be obvious individually, but whether the entire claim as a whole would be obvious. An examiner should list the features and then explain why and where it appears in the teachings of the prior art that the claimed invention would have been obvious. The Federal Circuit stated in *In re Lueders*, 111 F.3d 1569, 42 USPQ 2d 1481 (Fed. Cir. 1997), “Because there is nothing in this record to teach the use … We are unable … to find any such implicit support. Indeed, the only implicit support we do find in the record is itself clearly erroneous.”

Combining the above decisions, Applicant contends that a *prima facie* case of obviousness can only be established when the Examiner provides:

1. one or more references;
2. that were available to the inventor at the time of invention;
3. that teach features;
4. with a suggestion to combine or modify the features referenced;
5. where such suggestion to combine or modify appears in the references; and
6. the combination or modification of which would appear to be sufficient to have made the claimed invention obvious to one of ordinary skill in the art.

Claims 14-17 and 19

Claims 14-17 and 19 were rejected under 35 U.S.C. 103(a) as being unpatentable over Powers in view of official notice. Applicant contends that the above framework can now be used to analyze the office action to prove that the Examiner has failed to establish all of the above listed elements, which prevent the *prima facie* case from being established.

Element 1, One or more reference

Since Examiner seems to be using some type of personal knowledge as a basis for the "official notice" with Powers reference, but did not state personal knowledge, Appellant could not have requested an affidavit of the personal knowledge; personal knowledge, therefore, cannot be a basis for the motivation to combine or modify. See *In re Sun*, 31 USPQ 2d 1451 (Fed. Cir 1993)(unpublished).

Applicant contends that prepaid *specific itemized* Internet merchandise or downloadable media rather than a prepaid account (as in the prior art) is much more than "merely a design choice." Compare *In re Chu*, 66 F.3d 292, 36 USPQ 2d 1089, 1094 (Fed. Cir. 1995). Thus, the Examiner has not provided reasoning why a specific claimed feature of the invention was used, why it was or was not merely a design choice, and therefore fails the first element of a *prima facie* case of obviousness of actually providing one or more references for each basis of rejection.

Examiner might have considered the "or " part of the claim only in the preamble and therefore made his determination of obviousness insisting that anything in the preamble language was not a claimed feature of the invention; but we all know that "the entire claim must be considered, including the preamble language and the transitional phrase. 'Preamble language' is

that language in a claim appearing before the transitional phase, e.g., before 'comprising,' 'consisting essentially of,' or 'consisting of.' See M.P.E.P. 2163, II-A-1, and "the totality of all the limitations of the claim and their interaction with each other must be considered to ascertain the inventor's contribution to the art." See *In re Larsen*, No. 01-1092 (Fed. Cir. May 9, 2001) (unpublished).

In his rejection, Examiner wrote, "'Mala Powers' discloses means for storing and retrieving a record on or in a physical medium corresponding to a network item of merchandise or media; and means for transaction authorization or other transaction security on, in, or actuated from said physical medium to facilitate transfer of ownership or rights in said merchandise or media to the customer." Yet as discussed above, only the "record on or in a physical medium" feature of the prior art was disclosed in Powers. Examiner then handled the "retail point of sale" aspects of the claimed invention through official notice.

Without at least some modification or justification for how Powers accomplishes those features of the claimed invention those teachings cannot be read into the Powers reference. For the obvious rejection to be valid, the examiner would have to explain where the suggestion to modify Powers to include the card "corresponded to a network *item*," but the Powers Call Santa card did not itemize anything.

Examiner would also have had to explain where the suggestion to modify powers to operate as "transfer of ownership or rights in" the recordings. The Powers Call Santa card did not transfer any ownership; it was merely a tool to assist in the display of an artwork. The Powers card was for access to the system only. Perhaps the user of the Call Santa card could have held a microphone recorder to the phone and captured the story on a tape recording for further play back, but no such ownership rights were authorized on the Powers card.

To make the *prima facie* element for one or more references, there must be actual references. The examiner in his rejection merely stated the features, but failed to supply actual references for those features. The first element therefore has failed.

Element 2, Available to the Inventor:

Is a reference available at the time of drafting the patent application necessarily available to the inventor at the time of the invention? In the present invention, the Applicant will make an unusual argument (coming from an applicant) that the level of skill in the art for this invention should be high (i.e. most applicants would argue that the level of skill should be lower in their favor that their invention would not be obvious). Applicant does not propose the level of skill needs to be the most expert in the field, but it should not be someone completely computer or Internet illiterate.

To make a reference "available to the inventor" one must really make a determination of the level of ordinary skill in the art. Since, some experts may consider many more things of a sophisticated nature that a layperson would never consider. But in this case it is also important to remember that a layperson might consider things an expert (having the experience and knowledge of the inner workings) would never consider available and count them out as impossible.

For example, an aerospace engineer would never consider the method of having his astronauts merely stepping into the "gravity proof chamber" to practice for an upcoming space walk in outer space. But, there may have been many a layperson who believed that NASA had such "gravity proof rooms:" they had seen them on TV. Aerospace engineers or special effects artists know many of different ways to simulate zero gravity, such as the airplane ride in steep

roll simulating several minutes of zero Gs; the wind chamber that blows air up at a rate to counter downward acceleration on the subject (terminal wind velocity); filming under water; placing a camera stationary to the room and then rotating the room (because the image of the box on the TV monitor will remain still, the objects in the room seem to crawl up the wall and roll around on the ceiling); or any number of the tricks of the trade. But the expert knows that the antigravity room is not possible at least with current available technology. Thus, when describing an invention of a particular method of how to film objects in zero gravity, an expert is very unlikely to consider, "just put them in the 'antigravity room' at NASA," because he knows those "antigravity" rooms or chambers are just simulators. Whereas the layperson may make such a suggestion, actually believing the zero gravity effect *actually* is antigravity. Now if it turns out someday that there is some simple seemingly unrelated antigravity technology that would have easily solved the problem for practicing or filming, just because a layperson would have considered it, does not mean that it would have been available to the inventor of ordinary skill in the art.

Likewise in the present invention, when asking a layperson, "how do you pay for something on the Internet?" No matter how unlikely it is that the technology would support it, a layperson (completely computer illiterate) would be very likely to suggest, "just pay in cash." Whereas, anyone with any level of sophistication in Internet shopping transactions would tell you all about the Internet shopping carts, one-click payments, public key infrastructure, secure Internet protocols, or any number of the sophisticated technologies needed for electronic funds transfers – Just because my 3 year-old would run to get his piggy bank, does not mean that cash payment for itemized Internet merchandise or itemized downloadable media material objects is available and pertinent art.

Cash payments were only pertinent to deposits on an account in the virtual realm of the Internet. Powers by its design was necessarily a deposit on an account for "dollars" worth of long distance. The examiner instead used official notice in his rejection of the claims that "retail point of sale establishments with customer access points, means for accepting payment, and means for transfer of merchandise, including physical media such as cards are well known." But those prepaid cards the examiner was referring to in his official notice, were necessarily prepaid accounts. Thus, even the examiner after reading the entire disclosure had still failed to connect retail point of sale payment with a specific itemized bill of merchandise because he has also been trained in the art of Internet commerce and trained to believe that an account for money value had to be set up in order for an electronic funds transfer to take place. In the prior art such as Powers, the itemized bill of merchandise was something that could not happen until the user got onto the network and initiated the exchange for the merchandise.

Availability to the Inventor necessarily requires that the references must be either in the field of the inventor's endeavor or reasonably pertinent to the specific problem with which the inventor was involved; in other words, the references relied on should be in an art "analogous" to that of the invention. *C&A Potts & Co. v. Creager*, 155 U.S. 597, 607-08 (1895); *Wang Lab., Inc. v. Toshiba Corp.*, 993 F2d 858, 26 USPQ 2d 1767, 1773 (Fed.Cir. 1993). The CCPA has expounded on the policy stating, "[t]he rationale behind this rule precluding rejections based on combination of teachings of references from nonanalogous arts is the realization that an inventor could not possibly be aware of every teaching in every art." *In re Wood*, 599 F2d 1032, 202 USPQ 171, 174 (C.C.P.A. 1971).

For example, should the examiner in an e-commerce related business methods patent application consider forms of commerce originating in 3000 B.C. where a herder of small cattle

traveled down to the market place to barter for olive oil, wheat, skins, wine, or tools? Do we consider all the different types of money from the Gold and Silver nuggets that tumbled down the riverbeds in ancient civilizations to be used as the funds contemplated in the Electronic Funds Transfer act of 1996?

The answers to those questions are actually quite simple. In examining or reviewing applications, one should consider all those references that could be considered analogous art. In other words, only those references which would reasonably be analogous and available to the Inventor. An Acquiring Side Internet Payment Systems Architect,¹¹ for example, when attempting to apply funds to an Internet purchase would never consider whether or not the buyer has enough cash in his pocket. But isn't a Systems Architect, someone of ordinary skill in art of Internet payment systems? There would not be any more motivations for a Systems Architect to consider using gold ingots than there would be for him to use cash in conducting a web transaction. He has been trained to use the electronic funds transfer mechanisms, which before reading the disclosures of this invention, physical moneys and in-person transactions would *not* have seemed pertinent in authorizing payment for Internet merchandise.

A reference that is not otherwise analogous art should not be considered analogous just because the inventor considered a third technology area that could be analogous to both. This sort of nexis approach has never been the standard. The Federal circuit has stated that "if it is directed to a different purpose, the inventor would accordingly have had less motivation or occasion to consider it." *In re Clay*, 966 F.2d 656, 23 USPQ 2d 1058, 1060-61 (Fed. Cir. 1992).

Only with an understanding of the present application disclosure can one determine that in-person transactions could be analogous to both networked communications and retail

¹¹ A job which involves creating acquiring side credit card transaction processing systems especially as related to Internet transactions.

shopping. But if construction of a never-ending chain of different technologies might be used to connect the arts then any art could be considered analogous. (Perhaps you have played the game of how many connections does it take to get yourself related to a famous movie star).

Courts have also said that even if not analogous, if a “reference is reasonably pertinent ... because of the matter with which it deals, logically would have commended itself to the inventor’s attention in considering his problem ...” certain technologies may cross over the boundaries between the various subfields. *Id.* And ultimately, the Inventor of the present invention did consider in-person cash payment as one form of a means to solve the problem

The problem remains however, that when an applicant argues for a higher level of skill in the art he has defined a new conundrum in the deciding of analogous or pertinent art and Appellant contends that mere recitation in the disclosure, while necessarily does show that a particular technology in the art was available at the time of drafting the application, it does not show that the entire spectra of art was analogous, pertinent, and available to the inventor at the time of the invention.

What if an applicant, for example, states directly within his own application that one aspect of a totally non-analogous and non-pertinent art could have been used in solving this problem, but nobody would have ever thought of it? After all, inventors are often extremely excited about the particular inventive steps they used in coming up with the genius that manifested itself as the invention and those statements might ultimately end up in the application. We are talking about a disclosure of the “nobody would ever have thought of this, but ...” type of information.

In the present invention disclosure, the applicant did just that. The specification disclosed cash payment as a feature in the preferred construct of the invention, but went on in other ways to illustrate that no one would have ever thought of using those technologies.

Returning to the Clay decision, for example, the applicant himself could have disclosed “Sydansk’s gel treatment of underground formations functions to fill anomalies.” *In re Clay*, 966 F.2d 656, 23 USPQ 2d 1058, 1061 (Fed. Cir. 1992). While such a disclosure would have made the decision to reverse the claim rejection in Clay a bit more difficult, the question still would have been of analogous and pertinent art as used ultimately in evidence of obviousness. The hypothetical person of “ordinary skill in the art” used to make a determination of obviousness of course should not ever be the Inventor himself, else certainly at some point every invention becomes obvious to the inventor or the invention would never have taken place.

So, the question is *not* whether an Inventor could have found or did find a particular reference (that would be a question of candor before the Office). The questions at issue here as to references available to the inventor at the time of invention are whether or not a person of ordinary skill in the art would have considered the references cited in the rejection and whether it is necessarily a hind-sight consideration putting the Examiner in place of the invention at a point before the invention, not at a point in time during the drafting of his application disclosure – with the application drafter having done some further research and attempted to explain the various arts.

Applicant herein contends that one of ordinary skill in the art would not and could not have considered a retail point of sale transaction in solving a problem related to Internet funds transfers without first considering a predetermined specifically itemized bill for Internet merchandise. The person of ordinary skill in the art would have to first make the invention in

order to realize the pertinence. Therefore, retail point of sale transactions were not pertinent to secure Internet transactions and not available to the Inventor at the time of invention.

Element 3-5, that teaches features with a suggestion to combine or modify

Elements 3 through 5 are usually considered together. Examiner must not lose sight that for laying out a case of obviousness, not only must the references teach features which might suggest modifications or combinations, those features and suggestions must also appear in the references. Obviousness requires some reason, suggestion, or motivation from the prior art for the person of ordinary skill to have combined or modified the references. The Federal Circuit has stated, "Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion or incentive supporting the combination." See *In re Geiger*, 815 F.2d 686, 2 USPQ 2d 1276, 1278 (Fed. Cir. 1987); *Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 678-79, 7 USPQ 2d 1315, 1318 (Fed. Cir. 1988); *W.L. Gore & Assocs. V. Garlock, Inc.* 721 F.2d 1540, 220 USPQ 303, 311 (Fed. Cir. 1983) (citing *In re Bergel*, 292 F.2d 955, 956-57, 130 USPQ 206, 208 (C.C.P.A 1961), cert. denied, 469 U.S. 851 (1984): "There must have been something present in those teachings to suggest ...that the claimed invention ... would have been obvious.")

"One cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention." *In re Fritch*, 972 F.2d 1260, 23 USPQ 2d 1780,1784 (Fed. Cir. 1992) (quoting *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ 2d 1596, 1600 (Fed. Cir. 1998). Powers and "official notice" would not only have to be combined, but each modified to produce the present invention. While the examiner attempted to explain the

motivation behind the combination, he did not explain the modification of replacing a prepaid account with an itemized bill for merchandise.

The Federal Circuit has stated, “Because the Board did not explain the specific understanding or principle within the knowledge of a skilled artisan that would motivate one with no knowledge of [the] invention to make the combination, this court infers that the examiner selected these references with the assistance of hindsight.” *In re Rouffet*, 149, F.3d 1350, 47 USPQ 2d 1453, 1458 (Fed. Cir. 1998); see also *In re Gorman*, 933 F.2d 982, 986, 18 USPQ 2d (BNA) 1885, 1888 (Fed. Cir. 1991).

Just the fact that the invention was made does not in itself make it obvious. See e.g. *Uniroyal, Inc. V. Rudkin-Wiley Corp.*, 837 F2d 1044, 1051-52, 5 USPQ 2d 1434, 1438 (Fed. Cir. 1988); *Interconnect Planning Corp. v. Feil*, 774 F2d 1132, 1143, 227 USPQ 543, 551 (Fed. Cir. 1985); *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1556, 225 USPQ 26, 31 (Fed. Cir. 1985). Motivation to combine or modify the prior art is greatly diminished when the prior art teaches away from the claimed combination. In this case the prior art teaches away because a person of ordinary skill, upon reading the references “would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant.” See *In re Gurley*, 27 F.3d at 553, USPQ 2d at 1131. Powers discloses a prepaid account, but a person would necessarily have to completely fail to understand the differences between a prepaid account and an itemized bill in order to accept the examiners combination of Powers with his official notice taken.

Contractually, there is a huge difference between a blanket purchase agreement for some amount of money and an itemized bill of lading. Simply because the present invention is employing prior known elements in the art does not render it unpatentable as long as at least one

useful element of the claim is both novel and non-obvious. See 35 U.S.C. §102, §103. Browsing access is not the same as specific merchandise access. There are several examples drawn out of the application disclosure that make this point absolutely clear. Therefore, the Examiner has failed to produce references that "teach features with a suggestion to combine or modify" to make the claimed invention obvious.

Element 6, Obvious to One of Ordinary Skill in the Art.

Often an invention involves a minor advance over the prior art that might not seem to satisfy the requirements of obviousness if all that is considered are the incremental advances. However, in determining obviousness, the Federal Circuit and the Board have made clear that the discovery of the problem is also to be considered. Thus, the U.S. patent laws permit patentability of inventions for problems that are difficult, but where the solutions are easy. See *In re Atkinson*, 102 F.2d 882, 41 USPQ 308, 311 (C.C.P.A. 1939); *In re Nomiya*, 509 F.2d 566, 184 USPQ 607, 612 (C.C.P.A. 1975); *In re Bisley*, 197 F.2d 355, 94 USPQ 80, 86-87 (C.C.P.A. 1933); *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1 USPQ 2d 1593, 1600 (fed. Cir.) cert. denied, 481 U.S. 1052 (1987); *In re Wright*, 848 F.2d 1216, 6 USPQ 2d 1959, 1962 (Fed. Cir. 1988)

The rejection seems to be caught up in rejecting the entire application over the prior art rather than considering a particular claim as a whole. It is not correct for the Examiner to focus only on the differences between the prior art and the features disclosed in the application and then to state that the differences themselves or individually are obvious. The Examiner must consider the claim as a whole and is *not* permitted to use the application itself as the basis or reason for formulating the obvious rejection. See *In re Fritch*, 972 F.2d 1260, 23 USPQ 2d 1780,

1784; see also Lear Segler, Inc. v. Aeroquip Corp., 733 F.2d 881, 221 USPQ 1025, 1033 (Fed. Cir. 1984). Therefore, if the Examiner merely contends that each of the elements of the claim is obvious and cannot provide references or explanation where it appears the claim as a whole would be obvious, his obvious rejection fails under element 6 of the prima facie case and should be reversed.

In conclusion for the prima facie case of obviousness for claim 14-17 and 19 should be allowed because Examiner has not established a case for obviousness. His case fails on each of the elements: Element 1, References; Element 2, Available to the Inventor; Elements 4&5, a suggestion to combine or modify the features referenced; and Element 6, Obvious to One of Ordinary Skill in the Art. Furthermore, the term "itemized" by amendment replaces the previous claim language where referring to merchandise or downloadable media. This term may aid the examiner and/or public understand that "specific merchandise" or "specific media" (the terms used in the original specification and claim language) is more specific than browsing access. It refers to an actual purchase of actual items. The term "itemized" was not included in the original specification, but the description of invention section of the specification did explain that *specific media content locations (URLs)* could be "retrieved as a menu item," and therefore itemized. IFW 09/630,272, Spec. page 16, line 354-55. It is also a known dictionary definition that itemize is to set down in detail or by particulars which is synonymous with the word specify or to make specific.¹²

Claims 22 and 23

¹² Merriam-Webster online Dictionary and Thesaurus, *itemize*, <http://www.m-w.com/cgi-bin/thesaurus?book=Thesaurus&va=itemize&x=12&y=14>

All of the relevant arguments as to Claims 14-17 and 19 above are hereby incorporated by reference to these arguments and (vise versa) arguments here may be incorporated above.

Examiner stated in his rejection that Powers discloses, "an apparently anonymous transaction system to facilitate the transfer of ownership rights in telephone network merchandise or media, comprising: network merchandise or media offer by a seller or other distributor on the telephone network through a telephone connection ...; and a user telephone access means connected to the telephone network (inherent form the disclosure of dialing an access number ...; [and] pre-paid card."

If Powers was a means as payment for a specific subscription to networked media (applicant disagrees), then it was still accomplished through a debit card or electronic wallet mechanism. This was not a specific transaction, so the present invention would be more than a new use for an old technology. Powers never disclosed or contemplated anonymity or age verification. Powers was about kids calling the North Pole to listen to prerecorded Santa messages.

Powers did not disclose anonymity. Instead in Examiner's rejection, "official notice was taken that it is well known to buy ... cards, for cash, with no required disclosure of user information from the user; also the dialing of the number disclosed by 'Mala Powers' does not appear to involve disclosure of user information from the user or user access device (telephone) other than the user's telephone number, if that is detected." The examiner goes on to say that Powers had "the obvious advantage of enabling people to conveniently and without fear of loss of privacy enjoy merchandise or media on the Internet."

Even though the telephone and the Internet are both electronic communications networks, privacy on the telephone is much different from privacy on the Internet. Taking

advantage of any of the undisclosed privacy applications in Powers for the telephone should not be obviously or automatically applied to privacy on the Internet. Telephone privacy was only about chance interceptions of conversation; whereas Internet privacy involves much more complicated file transmissions across multiple lines and servers.

With respect to old devices or compositions, the general rule is that a new use or newly discovered property of an article will not impart patentability to the article. For example, the U.S. Supreme Court has stated, " It is not invention to perceive that the product which others had discovered had qualities they failed to detect," *General Elec. Co. v. Jewel Incandescent Co.*, 326 U.S. 242, 247-49, 67 USPQ 155, 157-58 (1945)(citations omitted).

Similarly, any prior art device that performs the same process as the previously patented device, *in its normal and usual operation*, will generally anticipate a process. Also, a process that is used in the same manner as a prior a prior art reference is anticipated even if a different result is achieved. See *In re Malagari*, 499 F.2d 1297m 182 USPQ 549, 553 (CCPA 1974).

However, discovery of a new use for an old structure based on unknown properties of the structure may be patentable to the discoverer of the process. See *In re Hack*, 245 F.2d 246, 248, 114 USPQ 161, 163 (CCPA 1957). Similarly when the art process has been altered or modified, anticipation will not be found. See *Carnegie Steel Co. v. Cambria Iron Co.*, 185 U.S. 403, 424 (1902).

The Examiner's error here is that this is a §103 obvious rejection; it is not an anticipation rejection. The anonymity aspects of the reference are taken by official notice, "it is well known to buy merchandise, including cards, for cash, with no required disclosure of user information ..."

The Powers reference to the TLC prepaid card was an example of another prepaid account card. It was not directed to a specific networked transaction. Thus, the present invention is more than a new use; it is a modification of the old structure with a new use. The invention could have only been realized through not just a combination, but also needed a modification. The fact that the Examiner can go back now and notice that the anonymity property may have existed, is nothing more than using a prior art process to show that the function as well as the structure could anticipate the claimed device when the structures were actually quite different.

Then, recognizing the difficulty in an anticipation type rejection because of an inherency problem (the inherency could not be found until viewing the new art which contained modified structures from the prior art reference) Examiner instead wrapped his anticipation rejection as an obvious rejection on the premise that the anonymity properties of the Powers reference in the prior art would have existed even if undiscovered. Those undiscovered properties should not now be used to obviate the present invention, which contains different structures than the prior art.

An invention is not obvious where old or well-known elements solve different problems. In *Lindermann Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 730 F2d 1452, 221 USPQ 481 (Fed Cir. 1984) the Federal Circuit Court indicated that an invention that is a combination of old elements will be nonobvious if the old elements typically deal with different problems. Since the only motivation for combining Powers with what the Examiner calls "official notice" is only found in the present application for patent, "obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination." *ACS Hosp. Sys., Inc. v. Montefiore*

Hosp., 732 F2d 1572, 221 USPQ 929 (Fed. Cir. 1984). Anonymity for voice only or sound recording transmission over the telephone has very little if anything to do with secure Internet transmissions. Analog voice transmissions on the telephone are not digital transmissions and encryption or digital anonymity simply did not apply to any prior art references without first reading and understanding the present invention disclosure.

Additionally in the examiner's rejection of claims 22-23 did not even discuss a difference between browsing rights or merchandise access rights or even begin to address the claimed invention. He has merely put together a laundry list of features that individually have similarities to the invention.

In fact, the TLC prepaid card referred to by the Powers article does not actually contain any access rights to specific media at all. Powers cannot even loosely be considered access rights to a subscription until the user of the card actually enters the system and debits from the number of calls thereby requiring the performance of a separate transaction. The prior art cannot cause a specific subscription to actually have been paid for, without another separate action by the customer. So, if the examiner or reviewer of this application is willing to: (1) pay no attention to the time lag (2) disregard that one transaction is an improvement over two separate transactions, and (3) ignore the advantages of the simultaneity in the present invention, the examiner might actually consider the Powers reference as access rights to a subscription, but Applicant vehemently disagrees. Even if the Powers card was a subscription, it was still obtained through a debit card and not predetermined.

Even ignoring those glaring differences between the present invention and the Powers reference, the TLC card in Powers still could not have actually worked for specific merchandise

Internet transaction anonymity. It wasn't operable for many of the purposes enumerated in the present claimed invention.

Only by not considering the operability of Powers can the examiner read into Powers a specific transaction for specific merchandise. Referring to the sample of the TLC card in appendix 1, there were still a number of recordings printed on the card that the user had to "choose." Choice indicated that the card was a form of a debit card or electronic wallet for an amount of money. The card was not functional without another separate and discreet transaction to debit the amount from the card when the user later decided which merchandise to choose.

Have you recently been to a Wal-Mart, for example, with a return for exchange, but lost or forgot to bring a receipt? It has become well known that Sam Walton, the founder of Wal-mart, had developed the philosophy of doing business that you *always* accept all customer returns. That philosophy recently prompted the stores to begin using the "gift card" or in-store credit card for refunds. The in-store credit card meant that you could only use the funds on the card for in-store purchases. Of course you could go to other stores, but they had to be in the Wal-Mart chain like other Wal-Mart Supercenters or Sam's club. The funny thing was that somehow many customers ended up carrying several of these cards around in their wallet because when the customers got inside the store to use the gift cards or in-store credit cards, they never found a purchase for exactly the right amount of cash. They either had to pay a little more for their items with cash or other credit card, or they had a little money left over: the card went back into their wallet.

In those Wal-Mart stores, if the customer wanted an exact exchange, they could leave their return merchandise at the front service desk, walk back into the store, find another of the exact item, and come to the front to exchange it. The beauty of the in-store credit card was that

the customer did not have to make an exact exchange. The customer certainly had the choice to apply the amount of money on the card for an exact exchange, but contractually, the customer was not obligated: they only had to use the card at one of Wal-Mart's participating stores. It was the money feature of the "money card" that was most likely contemplated by Wal-Mart executives. The executives may have considered that prior to using the in-store-credit card, the customer was required to bring in the receipt leave it at the customer service desk and return from with an exact exchange of merchandise. The in-store gift or credit card had an entirely different purpose. The *amount of money* aspect of the electronic wallet card unlike a simple receipt is what made it desirable. To take away that aspect of the money card would have made it undesirable to them.

Likewise the incremental choice aspects of Powers reference in the prior art were the operational aspects of the Call Santa Card that made it desirable for TLC. Powers could have contemplated a specific exchange of specific networked merchandise, but did not. Instead the advantages of the prepaid *account* were the only operational features actually taught by the Powers reference, which were already well known in other prior art.

Perhaps, it truly was a claim construction problem that made it difficult for the second pair of eyes reviewer or examiner to understand the real world operational results of the means plus function elements of the claim. If the prepaid card in Powers was not operative for specific merchandise without a second transaction initiated by the customer, then there was an entirely different structure in the present invention that in turn facilitated the discovery of anonymity aspect. Therefore the undiscovered anonymity of the prior art should not be applied to the structures here.

The beginning and ending states of the seller and customer are important to the understanding of the invention because the contractual obligations left on the seller and the purchaser are some of the things that separate the present invention from the prior art. But without being able to claim a human being (as stated above), the claim language can become cumbersome. For that purpose in the amendment of claims 22 and 23, descriptive terms were added to aid in the understanding of the real world effects of the steps – not as a limiting amendment – but as a more descriptive amendment.¹³

Examiners case fails on each of the elements: Element 1, References; Element 2, Available to the Inventor; Element 4&5, a suggestion to combine or modify the features referenced; and Element 6, Obvious to One of Ordinary Skill in the Art. Additionally, a recitation in the rejection that the prior art reference would work better for an entirely different purpose than the claimed invention cannot be an appropriate standard for obviousness. When discussing a district court's determination in an infringement suit where the district court invalidated a patent as obvious claiming the invention must produce a result that is greater than the sum of its parts, the Federal Circuit on review stated, the district court "unfortunately and unnecessarily lapsed into enunciating what it apparently perceived to be an additional requirement for patentability." *Gardner v. TEC Sys., Inc.*, 725 F.2d 1338, 1342, 220 USPQ 777, 781 (Fed. Cir.), cert denied, 469 U.S. 830, 225 USPQ 232 (1984). Even if a credit account could also eventually produce an Internet transaction, an invention need not produce a result that is greater than the sum of the parts to be patentable. Claims 22 and 23 should be allowed because Examiner has not established a case for obviousness.

¹³ See, Cheesman, John, & Daniels, John, *UML Componants: A Simple Process for Specifying Componant-Based Software* (Addison-Wesley 2001)

Claims 24-27

All the relevant arguments as to Claims 14-17, 19, and 22-23 above are hereby incorporated by reference and (vise versa) all arguments herein may be incorporated above. Additionally, Applicant argues that employing known elements into a claimed invention does not render it unpatentable as long as at least one useful element of the claim is both novel and non-obvious. See U.S.C. 35 §102, §103.

Applicant understands it might be difficult to appreciate the difference between browsing access and merchandise access to fully understand and appreciate the disclosures and teachings found in the devices and methods taught in the application. But, the short explanation of why it is hard to understand this rejection is simply that only one element of the device as originally claimed in Claim 24 even resembled the prepaid card in Powers. That one element of the claim was the prepaid card itself (i.e. the record on or in a physical medium). After carefully studying the claim, Applicant realized that the prepaid card structure of the claim was not even required to set the meets and bounds of the claimed subject matter if this was to be a purely method claim.

Perhaps the problem was that in comparing the prior art to the present invention from those different viewpoints, the Examiner and/or "second pair of eyes" were focusing on the physical card and not on the novel business method itself. Which viewpoint is correct? To answer this in detail, it may be helpful to look back at the original claim in light of the original specification, which stipulated, "the need for the CARD itself may become unnecessary." See IFW 09/630,272, Spec. page 9, line 194

Claim 24 was originally drafted as a method claim; however, the focus was on the card instrument. Claim 24 read, "A method of prepaid sale for Internet merchandise ..." but went on to claim "storing or retrieving a record on or in a physical medium ... transferring said physical

medium ..." Perhaps it was just because at the time of drafting this application, the inexperience of the Applicant as well as the nearness in time to the *State Street Bank* decision prompted the Applicant to be overly focused on structures. After all, prior to *State Street Bank*, the strategy was to bring in as much structure as possible because of the prior dicta of previous Board, Federal Circuit, Federal Court of Appeals, and U.S. Supreme Court decisions afforded little if any patentability to purely business method claims.¹⁴

Although it was asserted in the disclosure,¹⁵ it was not as clearly asserted in claim 24 that the invention was a completely new financial scheme. The Applicant was possibly caught up in the belief, which was widely held at the time, that business methods were not patentable subject matter. However, the focus of the "card" in the invention did have the unfortunate side effect of trivializing what Applicant had actually conceived and disclosed in the original specification. The Examiner and now "second pair of eyes" reviewer have spent the bulk of their analysis discussing the prepaid card and how networked systems containing media might eventually be accessed using the card.

Transfer of ownership rights has and will happen on the Internet with or without a card (albeit not predetermined). Certainly transfer of ownership will happen in commerce everywhere whether or not certain structures are employed, including the Internet. Applicant contends, however, that transfer of ownership was never an operative aspect of the Powers card and predetermined transfer of ownership was never an aspect of the traditional browse and buy model for the Internet. Transfer of ownership for money may have been a part of commerce

¹⁴ See e.g. *Loew's Drive-n Theataers, Inc. v. Park-In Theaters, Inc.*, 174 F2d 547, 533 (1st Cir. 1949); *In re Alappat*, 33 F3d 1526 (Fed Cir. 1994); *In re Bergy*, 596 F2d 952, 960, 201 USPQ (BNA) 352, 360 (CCPA 1979); *Diamond v. Diehr*, 450 U.S. 175 (1981)

¹⁵ "It does not require a trusted vendor, trusted bank, or buyer authentication. While RPOS may facilitate some of the same types of functions mentioned above, it uses a completely new method." IFW 09/630,272, Spec. page 7, line 144-45

since 2000 B.C.,¹⁶ but the Powers card and every other prepaid card in the prior art only created an account from which money or number of system access calls could be debited. On the other hand, transfer of ownership is an operative aspect of the prepaid itemized merchandise card as claimed in the present invention.

The patent Office, in light of the *State Street Bank* decision (*Supra.*) should be willing to give patentable weight to the underlying business arrangement that dictated how the parties actually behaved when the card was used. Under the arrangement in Powers, there was a bank or other financial mechanism that would first credit the amount to the card upon purchase of the card and then only debit an amount on the instrument to begin extracting calls from the account only when the card was presented and key codes were punched into the telephone. The present invention is an entirely new and inventive business scheme whereby the presentation of the precise amount of funds elicits prepaid authorization for specific and itemized Internet merchandise or downloadable media material objects as an operative part of the method regardless of what the rest of the Internet or other commercial entities may accomplish.

When *itemized* Internet merchandise or *itemized* downloadable media become the subject of the prepaid funds rather than just an account, the transfer of ownership may be operative with or without the Internet or other commercial entities.

The present claimed invention may need the Internet and those e-commerce related entities to make it a novel business method,¹⁷ but it does not need the Internet or other commercial entities to be operative in transfer of ownership. Powers or any of the other prior art of record, however, would need the Internet and other banking entities to ever become operative

¹⁶ The Lydians of Asia Minor, or Anatolia (roughly where Turkey lies today) invent coins. See Davies, Glyn, A history of Money From Ancient Times to the Present Day (Cardiff: Univ. of Wales Press, 1994) 15-18

¹⁷ *Id.*

in the actual transfer of ownership and that transfer can only take place under a separate debiting transaction with the card.

For the above reasons, this amendment introduces more precise steps language which allows for the removal of the *card* from the claim entirely without losing the truly method aspects of the invention. This actually makes the claim broader, but helps the Examiner or reviewer focus on the truly novel and unobvious business aspects of the invention. Those proposed amendments remove the card distraction and allow examiners, reviewers, and the public to focus more on the truly contractual relationships disclosed in the specification.

Applicant should not be punished for failing to focus claims on the business aspects earlier because when the application was filed it was still axiomatic for the trained and untrained that business methods were not statutory subject matter. The Patent Office Manual of Patent Examining Procedure (MPEP), prior to and for some time after the *State Street Bank* decision, at §706.03 contained, "Though seemingly within the category of process or method, a method of doing business can be rejected as not being within the statutory classes ..." The Patent Office has since removed this language from its manual.

Considering this better understanding of the truly business aspects of the invention, it becomes clear that it was only the *card* portion of the claims that was truly anticipated or obvious. If there is at least one element of the claim that is not anticipated or obvious, the claim still needs to be considered as a whole and considered patentable. "If the examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent." *In re Oetiker*, 977 F.2d 1442, 24 USPQ 2d at 1444 (Fed. Cir. 1992). Claims 24-27 should be allowed because Examiner has not established a case for obviousness. As argued in each claim above, Examiner's case fails on each of the elements:

Element 1, References; Element 2, Available to the Inventor; Element 4&5, a suggestion to combine or modify the features referenced; and Element 6, Obvious to One of Ordinary Skill in the Art. The Examiner did not consider the elements in claims 24-27 as a whole and instead seems to have rejected the method claim because it contains only one similar structure in which the function seemed obvious.

Newly presented claims

All the relevant arguments as to Claims 14-17, 19, 22-23, and 24-27 above are hereby incorporated by reference and (vise versa) all arguments herein may be incorporated above. In the current office action, Examiner pointed out that there is allowable subject matter in the application, but suggested that the way to achieve allowability would be to combine claims 14 and 18 and rewrite claims 20 and 21 to overcome objections. Applicant may still consider such a precise amendment if claims are finally rejected. "After a final rejection or other final action (§ 1.113) in an application ... amendments may be made canceling claims or complying with any requirement of form expressly set forth in a previous Office action." *Manual of Patent Examining Procedure* (MPEP) at § 714.12.

However, considering Examiner's basis for his statement of allowable subject matter, a mere combining of claims while sufficient to overcome rejections, may narrow the scope of the patentable subject matter beyond the broadest protection sought by Applicant for the patent. Especially in light of the arguments made in this paper, if persuasive, those arguments will also affect the scope of allowable subject matter.

In an attempt to combine the two (Examiner's statement of allowable subject matter and arguments made in this paper) claims 28-36 were drafted and entered by amendment in this

paper. In considering those amendments, Examiner may certainly wish to do an additional search in the prior art, but with the searches already done on the subject matter of the invention, the research on these new claims should already have been completed.

For example, claim 28 contains subject matter only in dependant form on claim 24, which same subject matter was included both in the original specification and in claims.

Claim 29 includes a consideration of Examiner's statement that "Mala Powers' discloses or renders obvious various features of claim 14, but does not disclose a public/private key pair or first or second coded licenses." Thus, the Powers reference does not contemplate any encryption security such as PKI or any other Internet based security features in conjunction with the Powers prepaid model and certainly not in conjunction with any *specific* merchandise prepaid card.

Those conceivably allowable subject matter aspects as disclosed in the specification and offered as elements of claim 29 also present an examiner or reviewer with an excellent standard from which to compare the broader claim aspects of independent claims 14, 20, 22, and 24 because with the arguments in this amendment, they will perhaps now be better understood in the realm of Internet transactions.

Since it is today well known that the public/private key pairs as part of a PKI are encryption characters used as Internet security devices, the Examiner's statement that Powers does not disclose such, it is also a reasonable indication that secure encrypted payment systems for Internet merchandise which are taken and or initiated from a retail points of sale in-person transactions were also not contemplated in the Powers reference or any of the prepaid telephone calling card methods or systems.

However, since Examiner admits "digital signatures using public private key cryptography, which ... in any event [are] well known" and that Applicant had also considered

digital signatures as a viable construct in at least one embodiment of the invention disclosed in the application,¹⁸ applying digital signatures to a payment made at a retail point of sale without setting up an account structure or issuing a debiting card, is a new and unobvious advancement in the art and supported by the disclosures in the original specification.¹⁹ Claims 29-34 should be allowed and Claims 35 and 36 should be allowed as dependent claims in their own respective claim groupings.

b) Secondary Factors

Alternatively, Applicant contends there is at least one claim rejected in the application for which evidence by way of affidavit may be submitted to traverse the rejection on a basis not otherwise provided for. See 37 C.F.R. 1.132; See also factors as articulated in the case of *Graham v. John Deere Co.* 381 U.S. 1, 148 USPQ 459 (1966).

The secondary factors option is unlike the option exercised above to contest the prima facie case for a finding of obviousness (which was also available to an applicant). In this section Applicant will instead try to rebut the prima facie case should a case be found. However, Applicant wants to clearly state here that the prima facie case is not conceded in any way. While the CCPA has held a shifting-burden framework exists for the applicant to provide evidence of nonobviousness, the burden shift can only be required “[o]nce prima facie obviousness is found ...” *In re Fielder*, 471 F.2d 640, 176 USPQ 300,302 (C.C.P.A. 1973), not merely because secondary evidence had been presented by an applicant. It is merely a procedural nicety that if an applicant wants to get secondary matters before the examiner, he must not be forced to wait to

¹⁸ “Traditional digital signature may also be used.” See IFW 09/630,272, Spec. pg. 9, line 209

¹⁹ “As the time required for the user holding the card to receive the desired content is decreased, the need for the CARD itself may become unnecessary.” See IFW 09/630,272, Spec. pg 9, line 193-94

present them until a definitive *prima facie* case for obvious has been established; less he forgoes that argument until appeal.

In deciding how to consider secondary evidence, however, the Board might put itself in the place of a jury that might be assigned in a trial over infringement of the present invention should any claims be found allowable. A typical jury instruction as to obviousness might be:

The three tests which must be considered in determining whether an invention is obvious are: what was known in the field of invention at the time the invention was made; how the claim you are considering is different from what was known in the field of invention at the time the invention was made, and the level of ordinary skill in the art.

In addition to the three tests of obviousness you should consider evidence of the following factors in your determination of obviousness: commercial success or lack thereof; long felt but unfulfilled need for the product; and failure of others to develop the product.

Obviousness is not determined by the use of hindsight, the fact that something seems simple to you now does not mean that it was simple at the time it was invented. You must decide the issue of obviousness solely on the basis of what was known by a person with ordinary skill in the art of Internet electronic purchases. You must not decide this issue on the basis of what is known now; that is, on the basis of hindsight.

In determining the level of ordinary skill in the art, you should first determine whether there were a number of people who regularly worked to solve the type

of problem that the invention solved, and, if so, determine the level of ordinary skill of such people at the time the invention was made. You must consider the level of skill as to the time the invention was made. Among the factors that may be considered in your determination are: the various ways that others sought to solve the problems existing; the types of problems encountered; the rapidity with which new inventions are made in this art; the sophistication of the technology involved; and the educational background of those actively working in the field."

See e. g. Newell Companies, Inc. v. Kenney Mfg. Co. 864 F.2d 757, (C.A.Fed.,1988.)

Therefore, secondary considerations by the Board may be any evidence that could persuade a jury one way or the other applying an instruction like the one above. As to the present claimed invention, one or more elements as defined broadly in the appealed claims consisted of features, which may have been old in the art. Particularly, each of the claims under appeal may have involved prepaid cards in methods or structures as elements.

The manner of rebutting the establishment of a *prima facie* case necessarily involves the presentation of evidence in a declaration or affidavit under 37 C.F.R. § 1.132. While there has been no direct limitations on the subject matter of those affidavits, *In re Huntzicker*, 34 USPQ 14 (C.C.P.A. 1937) stands for two important aspects of submitting affidavit evidence to traverse a rejection: first, affidavits should not include unsupported conclusory statements stating in broad terms that the invention would not have been obvious; second, if the affidavits do contain objectionable conclusory statements, the reviewing entity such as the Board is still required to

consider those portions which are not conclusory even if the affidavits are of form or content which is not conventional in the USPTO. See *Id.*

The secondary considerations that are normally allowed are: commercial success, fulfilling a long-felt need, failure of others, copying by others, or unexpected results. See *Graham v. John Deere Co.*, 381 U.S. 1, 148 USPQ 459 (1966); additionally indicia of nonobvious have also included unexpected properties of the claimed invention, licenses showing industry respect, and skepticism of skilled artisans before the invention. See *In re Dow Chem. Co.*, 837 F.2d 469, 473, 5 USPQ 2d 1529, 1532 (Fed. Cir. 1988).

The Federal Circuit would endorse the supposition that mere presenting of affidavit evidence or secondary considerations under any of the *Graham v. John Deere Co.*, 381 U.S. 1, 148 USPQ 459 (1966) factors should not initiate the burden shifting analysis. Under the Federal Rules of Evidence, which relates to burdens of proof and presumptions in all “civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, ... the burden of proof ... remains throughout the trial upon the party on whom it was originally cast” See Rule 301 Fed. R. Evidence. Although the Board is not an Article III court (U.S. CONST. art. III § 1) if the Board were to adopt similar evidentiary rules in appeals as it has for interferences, the rules should to some extent comport to the Federal Rules of Evidence. See 37 C.F.R. § 1.671(b); also see for Fed. Cir. *In re Piasecki*, 745 F.2d 1468, 223 USPQ 785 (Fed. Cir 1984).

Appellant therefore submits the following evidence in Appendix 2 only as an alternative pleading and to therefore establish that the affidavit evidence or arguments submitted need not be confined to the specification or any documents found within the file wrapper at the USPTO for this application nor must they conform to any conventional or limited subject matter so long as they contain some evidence of nonobviousness which is not baseless or conclusory in form.

Also when considering the evidence of nonobvious submitted here, the examiner or reviewer should not slip into letting the simplicity of the solution cloud their judgment of determining obviousness. Sometimes the inventive step merely involves recognizing a previously unrecognized problem. If the standard for obviousness was only that the solution to the problem defined were so simple that it would be obvious, practically no inventions could meet the nonobvious standard. For example, Thomas Alva Edison's decision to replace the oxygen in the incandescent light bulb with a vacuum or other gas that would not support combustion would certainly have been an easy solution and obvious in hindsight because electrical currents through filaments were known to produce light as early as 79 years or more before Edison's experiments and it was already well known that combustion required oxygen. See e.g. Holly Cefrey, *The Inventions of Thomas Alva Edison: Father of the Light Bulb and the Motion Picture Camera* (19th Century American Inventors), PowerKids Press; 1st edition (August 1, 2003) ISBN: 082396440X.

A 19th century Examiner suffering the above referenced form of "contamination," having seen Edison's invention, would certainly have to consider the light bulb obvious in view of the prior art. If Edison's 19th century Examiner defined the problem as "how to control combustion in an electrically charged filament within a sealed glass bulb in order to lengthen the time of productive light emissions," *Supra*. Edison's electric light bulb would be made obvious to any person of ordinary skill simply by a reading of the problem. If Edison had been faced with an obvious type rejection, he might also have sought persons of skill in the art to show them the prior art use as a basis for the rejection – and to test if those persons of ordinary skill would have been able to come up with the electric light bulb had they not already been given the solution within the presentation of the problem.

Likewise in the present invention, if the Examiner over inclusively defined the problem to be solved as "how to use retail point of sale to make Internet transactions for Internet merchandise more secure and anonymous," (See IFW 09/630,272) almost any prior art could be used to reject the invention based on obviousness because the solution was stated by the problem.

The primary reason the secondary factors in Graham were developed in the first place was to help the Examiner or Board "guard against slipping into hindsight," *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406, 412, 141 USPQ 549, 555 (1964), cert. denied 379 U.S. 888, 143 USPQ 465, and to resist the temptation to read into the prior art the teachings of the invention in issue." *Graham v. John Deere Co.* 381 U.S. 1, 148 USPQ 459 (1966).

The main objectives the applicant has for submitting the evidence herein will be *commercial success, failure of others, and skepticism of experts*, but the Board may also consider (or ultimately not consider) the affidavit evidence as evidence of unexpected results, unexpected properties, skepticism, other secondary consideration, or consideration not yet specifically enunciated by the courts, but the board must consider any evidence of nonobviousness which does not contain broad conclusory statements: Applicant therefore respectfully submits the affidavit evidence as contained in Appendix 2 of this appeal.

Conclusion

While some features in the disclosure admittedly were old in the art: the ability to provide the URL information that is the sale location of specific Internet merchandise or content desired by the customer by means of predetermining a URL consisting of a predetermined

Internet Transaction to take place at a retail point of sale rather than on the Internet, with encryption and/or redundant encryption capabilities are “feature[s] of applicants' invention, which [are] expressed both structurally and functionally in the claim[s], [and] cannot be ignored. The claimed invention may in hindsight be a simple improvement but the test for obviousness is not the simplicity of the improvement.” *In re Debus*, 17 F.3d 1442 (Table), (C.A.Fed.,1993) (unpublished except a listing in table which was not quoted here).

Perhaps the inexperience of the applicant had caused the prosecution of the application to take some unusual turns. There were: mistakes as to form and claim construction in the original application; eventual realization by the examiner of patentable subject matter; attempts at Examiner's amendments to try suggesting some claim language to the applicant; eventual preliminary allowance by the Primary Examiner; very few remarks and/or less than relevant arguments from the applicant in the initial response to the first office action; and the fact that no substantial explanation of allowance from the examiner had ever become a part of the official prosecution file wrapper – all things together created a significant problem of public interest or concern for a "second pair of eyes" reviewer to ensure a robust quality assurance check on this application at this juncture critical to maintaining the public's desired level of patent product quality.

In the area of public interest, consider the current state of the art in 2005 and some of the intended uses for the invention as disclosed in the specification to see if any existing commercial interests will be effected. As far as the Applicant can tell, there were still no instances this

technology being used anywhere in commerce until very recently in March of 2005, where it was presented as "groundbreaking."²⁰

There have been several ventures into the world of prepaid Internet merchandise which are not prior art, but all (which applicant is aware of) have used the same prepaid card business model where cards for various dollar values were sold and funds could be debited from the card as the user made purchases on the Internet. Applicant has passionately argued herein, that the present claimed invention will not read on those prepaid account cards unless some new or specific modification of them were somehow employed which would allow some aspect of the art to be recaptured as an equivalent (applicant simply affirms that we do not yet know what the future may hold). Even so, none of those technologies that Applicant is aware of are using any kind of a predetermined specific or itemized bill for prepaid merchandise. (see appendix 2, affidavit by applicant)

While it is certainly beneficial, even to the applicant, that a quality prosecution of this patent will strengthen the validity of any such allowance, Applicant must none-the-less contend at this time that the Primary Examiner has *not* presented *prima facie* evidence for a case of obviousness that there are one or more references that were available to Applicant at the time of the invention that teach a suggestion to combine or modify the references which would appear to be sufficient to have made the claimed invention obvious to one of ordinary skill in the art.

Alternatively, Applicant contends there is at least one claim rejected in the application for which evidence by way of affidavit may be submitted to traverse the rejection on a basis not

²⁰ " A ground-breaking new promotional tool for the music industry. iTunes Custom Cards are an exciting *new* promotional tool for record labels, artist managers, and promoters to distribute music to fans." <http://www.apple.com/itunes/marketing/customcards/>, see also <http://playlistmag.com/news/2005/03/17/customicards/> "Apple has used Austin's South By Southwest music festival to unveil a new line of the customized iTunes prepaid cards that are sold at retail stores nationwide."

otherwise provided for. Applicant respectfully requests that with changes as to form, substantive changes, and in light of arguments made herein, allowance of all claims shall be made in this patent application.

(e) List of Appendices

Appendix 1: Photocopies of the TLC Call Santa Card. (Note: Photocopy is required to show the details discussed in this amendment)

Appendix 2: Affidavits

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James L. Driessen".

James L. Driessen, *Pro Se* Applicant